TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Baylor Surgical Hospital Fort Worth

Respondent Name
New Hampshire Insurance Co

MFDR Tracking Number
M4-17-0151-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
September 19, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "At this time we are filing [sic] a medical dispute request due to underpayment of our services."

Amount in Dispute: $2,517.37

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The number of used implants were not specified in the Operative Report. For this reason, implant charges were denied as Submit intra-operative charge record that lists each component of implants used."

Response Submitted by: Liberty Mutual Insurance

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
September 30, 2015	Outpatient hospital services	$2,517.37	$2,453.55

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the reimbursement guidelines for services provided in an outpatient setting.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - F286 – Date(s) of service exceed (95) day time period for submission per Rule 408.9027 and bulletin no. B-0037-05A.
   - X936 – CPT or HCPC is required to determine if services are payable

- 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly
- W3 – Additional payment made on appeal/reconsideration
- X673 – Submit intra-operative charge record that lists each component of implants used
- Z652 – Recommendation of payment has been based on a procedure code which best describes services rendered

Issues

1. Is the carrier's denial supported for the implants?
2. What is the applicable rule that pertains to reimbursement?
3. How is the maximum allowable reimbursement calculated?
4. Is the requestor entitled to additional reimbursement?

Findings

1. The requester seeks additional reimbursement in the amount of $2,517.37 for outpatient hospital services rendered on September 30, 2015.

   The requestor states, "…we are filing a medical dispute request due to underpayment of our services."

   The insurance carrier denied the services billed with revenue code 278 with reduction codes, X673 – "Submit intra-operative charge record that lists each component of implants used."

   Review of the submitted documentation, "Copy of Implant Tracker" finds;

DOS	Surgeon	Pt ID	PT Name	Catalog Number	Vendor	Description	Qty	Price/UOM
09/30/15	Wroten	XXXX	claimant	02111630	Synthes	Plate compre 2.4mm/54mm	1	$999.75
09/30/15	Wroten	XXXX	claimant	02210116	Synthes	Screw 2.4 x 16mm va locking stardrive	3	$135.75
09/30/15	Wroten	XXXX	claimant	02210118	Synthes	Screw 2.4 x 18mm va locking stardrive	3	$135.75
09/30/15	Wroten	XXXX	claimant	02210110	Synthes	Screw 2.4 x 10mm va locking stardrive	2	$135.75
09/30/15	Wroten	XXXX	claimant	21212	Synthes	Wire kirschner 1.25mm	1	$88.50
09/30/15	Wroten	XXXX	claimant	201762	Synthes	2.4mm cortex screw slf-tping	1	$56.25

   Based on the above, the carrier's denial is not supported. The services in dispute will be reviewed per applicable rules and fee guidelines.

2. The Division finds that the outpatient hospital services are subject to the requirements of 28 Texas Administrative Code 134.403 (d) which states in pertinent part,

   > For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided...

   The applicable Medicare payment policy is found at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS.

   The resources that define the components used to calculate the Medicare payment for OPPS are found below:

   - **How Payment Rates Are Set**, found at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctsht.pdf,

- *To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted.*

- **Payment status indicator** - The status indicator identifies whether the service described by the HCPCS code is paid under the OPPS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPS or under another payment system or fee schedule. The relevant status indicator may be found at the following: www.cms.gov, Hospital Outpatient Prospective Payment – Final Rule, OPPS Addenda, Addendum, D1.

- **APC payment groups** - Each HCPCS code for which separate payment is made under the OPPS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. The relevant payment amount for each APC may be found at: www.cms.gov, Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Annual-Policy-Files, Addendum B. These files are updated quarterly.

28 Texas Administrative Code §134.403 (f) states in pertinent part,

> The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.
>
> (1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:
>
> (A) 200 percent; unless
>
> (B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 130 percent.

Separate reimbursement for the implantables was requested. Therefore, the reimbursement calculations are as follows:

Procedure Code	APC	Status Indicator	Payment Rate	60% labor related	2015Wage Index Adjustment for provider 0.9512	40% non-labor related	Payment	Maximum allowable reimbursement
25609	0064	T	$5,569.47	$5.569.47 X 60% = $3,341.68	$3,341.68 X 0.9512 = $3,178.61	$5,569.47 X 40% = $2,227.79	$3,178.61 + $2,227.79 = $5,406.40	$5,406.40 X 130% = $7,028.32
							Total	$7,028.32

28 Texas Administrative Code §134.403 (g) states in pertinent part,

> Implantables, when billed separately by the facility or a surgical implant provider in accordance with subsection (f)(1)(B) of this section, shall be reimbursed at the lesser of the manufacturer's invoice amount or the net amount (exclusive of rebates and discounts) plus 10 percent or $1,000 per billed item add-on, whichever is less, but not to exceed $2,000 in add-on's per admission.

Review of the itemized bill finds the following items billed under revenue code 278 and code C1713 which has the definition of "Anchor/screw for opposing bone-to-bone or soft tissue-to-bone (implantable)."

- "Plate compr 2.4mm x 54mm" as identified in the itemized statement and labeled on the invoice as "2.4mm va-lcp" with a cost per unit of $999.75. The billed amount is $2,799.30.
- "Screw bone 2.4mm x 16mm" as identified in the itemized statement and labeled on the invoice as "2.4mm va locking screws 16mm" with a cost per unit of $135.75 at 3 units, for a total cost of $407.25. The billed amount is $1,607.28.
- "Screw bone 2.4mm x 18mm" as identified in the itemized statement and labeled on the invoice as "2.4mm va locking screws 18mm" with a cost per unit of $135.75 at 3 units, for a total cost of $407.25. The billed amount is $1,629.00.
- "Screw bpme 2.4mm x 10mm" as identified in the itemized statement and labeled on the invoice as "2.4mm va locking screws 10mm" with a cost per unit of $135.75 at 2 units, for a total cost of $271.50. The billed amount is $1,172.88.
- "Wire kirschner 1.25mm 15" as identified in the itemized statement and labeled on the invoice as "1.25mm kirschner wire" with a cost per unit of $88.50. The billed amount is $382.32.
- "Screw cortex 2.4mm x 12mm" as identified in the itemized statement and labeled on the invoice as "2.4mm cortex screw" with a cost per unit of $56.25. The billed amount is $303.75.

The facility's total billed charges for the separately reimbursed implantable items are $7,894.53.

The total net invoice amount (exclusive of rebates and discounts) is $2,230.50. The total add-on amount of 10% or $1,000 per billed item add-on, whichever is less, but not to exceed $2,000 in add-on per admission is $223.05. The total recommended reimbursement amount for the implantable items is $2,453.55.

The remaining services are classified as follows:

- Procedure code J1885 has status indicator N denoting packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
- Procedure code J2405 has status indicator N denoting packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
- Procedure code J3010 has status indicator N denoting packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.

3. The total allowable reimbursement for the services in dispute is $9,481.87 ($7,028.32 + $2,453.55). This amount less the amount previously paid by the insurance carrier of $7,028.32 leaves an amount due to the requestor of $2,453.55. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $2,453.55.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of $2,453.55, plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this Order.

Authorized Signature

		October 18, 2016
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.